

Message Text

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17

ACTION OPIC-12

INFO OCT-01 NEA-14 ISO-00 AID-20 CIAE-00 EB-11 FRB-03

INR-11 NSAE-00 TRSE-00 XMB-07 SP-03 CIEP-02 LAB-06

SIL-01 OMB-01 L-03 H-03 NSC-07 SS-20 STR-08 CEA-02

PA-04 PRS-01 USIA-15 /155 W
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FM AMCONSUL CASABLANCA

TO SECSTATE WASHDC 2893

INFO USDOC WASHDC

AMEMBASSY RABAT

C O N F I D E N T I A L CASABLANCA 603

E.O. 11652: GDS

TAGS: ENRG, EIND, MO

SUBJ: MOROCCANIZATION: ESSO/NEGOTIATIONS - II

DEPT PASS OPIC/ID

DEPT PASS USAID

REF: CASABLANCA 556

1. SUMMARY: MORNING SESSION OF NEGOTIATIONS OFF TO A BAD START DUE TO DISAGREEMENT OVER INITIAL POINTS TO BE NEGOTIATED. ESSO REP REPORTS VITRIOLIC REMARKS MADE BY GOM REP AND ALLUSION TO SERIOUS CONSEQUENCES IF ESSO DOES NOT NEGOTIATE MOROCCANIZATION AGREEMENT. AFTERNOON SESSION, HOWEVER, DEVOID OF ACRIMONY AND NEGOTIATORS CONCILIATORY IN PRESENTING POINT OF VIEW. END SUMMARY.

2. ON JULY 16, ESSO WAS THE FIRST OF FOREIGN OIL DISTRIBUTING COMPANIES TO MEET WITH SOCIETE NATIONALE DES PRODUITS PETROLIERS (SNPP) REGARDING MOROCCANIZATION OF 50 PERCENT OWNERSHIP OF THE COMPANY. CHIEF NEGOTIATORS WERE JAMES SKANE, PRESIDENT-DIRECTOR GENERAL, ESSO
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AND MOHAMMED DOUIEB, DIRECTOR GENERAL, SNPP.

3. THE FIRST ROUND OF NEGOTIATIONS, ACCORDING TO SKANE, HAD AN INAUSPICIOUS BEGINNING, DUE TO A DISAGREEMENT AS TO WHICH POINTS OF THE NEGOTIATIONS SHOULD BE DISCUSSED AND SETTLED UPON FIRSTLY. DOUIEB INSISTED THAT GOM HAD THE RIGHT TO MAKE SUCH A DECISION AND PRESSED SKANE TO PARTICULARIZE DH 44 MILLION EVALUATION HE PLACED UPON ESSO'S ASSETS. SKANE'S POSITION WAS THAT PRIOR TO DISCUSSING EVALUATION AND NEGOTIATING PRICE, HE WANTED TO SETTLE MATTER OF GOM ASSURANCES WHEREBY ESSO WOULD RECEIVE PROMPT PAYMENT AND PERMISSION TO REPATRIATE PROCEEDS OF SALE IMMEDIATELY. AS THE TWO CONTINUED DISCUSSING MERITS OF THEIR POINTS OF VIEW, DOUIEB ACCUSED SKANE OF BEING UNCOOPERATIVE AND LAUNCHED INTO AN EXTENSIVE MONOLOGUE ABOUT ESSO'S DISREPUTABILITY AS A MULTI-NATIONAL COMPANY IN GENERAL AND SKANE IN PARTICULAR BY STATING, INTER ALIA, QUOTE YOU BIG AMERICAN COMPANIES ARE BRUTAL AND YOUR DISHONEST METHODS OF NEGOTIATIONS WON'T WORK HERE, AND WE KNOW ABOUT YOU (SKANE) AND YOUR NEGOTIATING ESSO'S INTEREST ELSEWHERE. UNQUOTE. SKANE SAID HE WAS BERATED ALSO FOR HAVING WRITTEN DIRECTLY TO PRIME MINISTER OSMAN (PARA 4, REFERENCED CABLE). HE INFORMED DOUIEB THAT LETTER WAS THE RESULT OF HIS CATEGORICAL STATEMENT IN NOT BEING AUTHORIZED TO NEGOTIATE A 100 PERCENT PURCHASE OF ESSO, AND THE PRIME MINISTER HAD SIGNED DAHIR. SKANE ADDED, IF GOM IS NOT INTERESTED IN HIS 100 PERCENT OFFER HE WOULD LIKE A LETTER TO THIS AFFECT.

4. DOUIEB BROKE-OFF THE HOUR AND A HALF MEETING BY RE-ITERATING HIS POSITION OF DISCUSSIN EVALUATION FIRST, AND WARNED SKANE THAT IF THERE IS NO MOROCCANIZATION AGREEMENT GOM QUOTE WILL TAKE DRASTIC ACTION UNQUOTE. ALSO, IF ESSO DOES NOT WANT TO CONTINUE NEGOTIATIONS ON HIS BASIS, SKANE MUST INFORM SNPP OF SUCH A DECISION IN WRITING. SKANE SAID HE WOULD INFORM HIS LONDON OFFICE OF THESE DEVELOPMENTS. COMMENT: ESSO WOULD BE IN VIOLATION OF DAHIR IF IT DID NOT NEGOTIATE. END COMMENT.

5. AS SCHEDULED, SKANE RETURNED TO THREE O'CLOCK MEETING AND INFORMED DOUIEB THAT HE HAD COME TO LISTEN. DOUIEB GAVE SKANE TELEX MESSAGE FROM RABAT STATING THAT GOM WAS NOT CONFIDENTIAL

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RPT NOT INTERESTED IN 100 PERCENT PURCHASE, BUT EXPRESSED AN OPINION THAT GOM MAY BE INTERESTED IN SUCH A PROPOSAL IN 2/3 YEARS. DOUIEB THEN PRODUCED PROJECTION SCHEDULES OF PROFITS, CASH FLOWS, DIVIDENTS ETC. AND ASKED SKANE FOR HIS OPINION OF THESE FIGURES. SKANE SAID HE WOULD STUDY THEM AND ANOTHER MEETING WAS SCHEDULED FOR JULY 19. DURING THIS SESSION, DOUIEB IMPLIED THAT SNPP, RATHER THAN OFFICE DES CHANGE, HAS FULL POWER TO SETTLE QUESTION OF PROMPT

PAYMENT AND REPATRIATION AND STATED HE PERCEIVES NO PROBLEM
IN REACHING AN AGREEMENT ON THESE POINTS.

6. TEXACO AND MOBIL WILL INITIATE NEGOTIATIONS WITH SNPP
JULY 25 AND AUGUST 2, RESPECTIVELY.
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